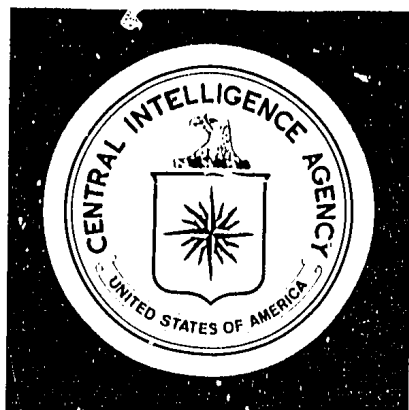


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Communist Aid and Trade Activ. in Less Develop. Coun., Dec. 1974      ER RP 75-03

**Secret**

*No Foreign Dissem*



*Communist Aid and Trade Activities  
in Less Developed Countries, December 1974*

**Secret**

ER RP 75-3  
January 1975

**NATIONAL SECURITY INFORMATION**  
**Unauthorized Disclosure Subject to Criminal Sanctions**

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*No Foreign Dissemination*

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During 1974, Communist petroleum development activity in LDCs emphasized utilization of credits already provided to 27 countries. Oil procurement activity, however, declined from 1973 levels. While East European petroleum imports from LDCs remained about the same as last year, Soviet purchases declined by about 50%. China entered the LDC petroleum market for the first time in recent years with purchases of 14,000 barrels per day from Iraq and Algeria.

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Czechoslovakia signed a contract to deliver generators valued at \$9 million to the Rio Turbio powerplant.

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East Germany provided its first development assistance to Bangladesh under a \$25 million agreement signed in December.

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**Recent Developments in Soviet Relations with Egypt . . . . . 9**

Western press sources reported on 30 December that the planned January trip of Soviet Party First Secretary Brezhnev to Egypt has been postponed. Economic negotiations that had preceded the scheduled visit had gone smoothly, and several agreements had been prepared for Brezhnev's signature.

**India and Czechoslovakia Sign New Military Agreement . . . . . 10**

Under an agreement signed during the Czech Prime Minister's visit to India in December, Prague will provide T-55 tanks, OT-62 armored personnel carriers (APCs), truck-launched assault bridging, and L-39 trainer/light attack aircraft.

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Iran and Romania signed a seven-year trade agreement valued at \$1.5 billion to exchange, among other items, Iranian industrial products for Romanian agricultural goods.

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On 9 December, Bulgaria signed a \$73 million agreement to finance development projects in Syria.

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## COMMUNIST AID AND TRADE ACTIVITIES IN LESS DEVELOPED COUNTRIES

December 1974

### General

#### *Communist-LDC Oil Activities During 1974<sup>1</sup>*

During 1974, Communist petroleum development activity in the Third World emphasized utilization of the large amounts of aid already provided to 27 countries. Communist oil procurement in LDCs, however, fell below that of 1973. While East European oil purchases from LDCs remained at approximately last year's level, Soviet purchases declined by about 50%. China entered the LDC petroleum market for the first time in recent years under agreements with Algeria and Iraq. (Secret No Foreign Dissem)

#### *Communist Aid to LDC Oil Industries*

Communist assistance to LDC oil industries in 1974 concentrated on the implementation of previous agreements. Romania's \$42 million credit to Argentina was the only new Communist commitment for LDC oil development, raising total Communist oil-related assistance to LDCs since 1956 to \$1.5 billion. (Secret No Foreign Dissem)

The Argentine deal was part of Romania's ongoing effort to increase its access to crude oil while expanding its markets for machinery, equipment, and technical services. Romania also sent oil survey teams to Lebanon and Thailand late in the year and signed a contract under a 1972 agreement with Syria to build a 120,000-b/d refinery at Banias. The Syrian agreement calls for some \$180 million worth of Romanian equipment and services and foreign exchange for purchases from third countries. Part of the repayments will be made over six years in Syrian

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1. This article is published on a quarterly basis. For Communist activities in the third quarter, see the *Monthly Report* dated October 1974.

Note: The substance of this report has been coordinated with the Bureau of Intelligence and Research of the Department of State, with the Defense Intelligence Agency, and with the Agency for International Development. Comments and queries regarding this report are welcomed. They may be directed to [REDACTED] of the Office of Economic Research, Code 143, Extension 5291.

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oil. An East German agreement in November with Iraq for oil exploration, possibly financed with 1969 credits, was one of the few other East European initiatives in this field during 1974. (Confidential)

The USSR, while not mounting major new oil development efforts during the year, agreed to modernize Bangladesh's only refinery and to build Afghanistan's first such facility, both under Soviet credits extended in 1972. Moscow sent a team to Sri Lanka in October for offshore exploration. Work continued under existing agreements at a number of Soviet-aided projects, particularly Iraq's North Rumaila oilfield. When completed this year, North Rumaila's capacity will reach 840,000 b/d, or more than one-fourth of Iraq's capacity at that time. The USSR also undertook an evaluation of natural gas deposits in India, Libya, and Syria. (Confidential)

#### *Communist Purchases of LDC Oil and Gas*

The Communist countries received more than 400,000 b/d of LDC crude last year, three-fourths of which came from Iraq and Libya (see Tables 1 and 2). Soviet purchases of 130,000 b/d were nearly 50% below the 1973 level, accounting for all of the 115,000-b/d decline in Communist oil purchases from LDCs in 1974. Soviet purchases, mainly for East European use, were scaled down in response to Arab price hikes and demands for hard currency payments. Moscow may still have obtained some barter oil from Iraq at prices as low as \$3.10 per barrel in fulfillment of 1973 contracts. (Secret No Foreign Dissem)

Eastern Europe bought nearly 260,000 b/d directly from Middle Eastern countries, roughly the same as in 1973 and equal to about 15% of their total requirements. The USSR provided most of their remaining import requirements, delivered by the USSR from Soviet indigenous production. (Secret No Foreign Dissem)

Peking entered the LDC crude oil market in 1974 for the first time in recent years. A total of 14,000 b/d was purchased from Algeria and Iraq for delivery to a South China port. (Secret No Foreign Dissem)

In August, after almost a year of bargaining, Moscow agreed to pay Iran 57 cents per 1,000 cubic feet for imported natural gas, an 85% increase. The USSR had agreed in July to pay 34 cents per 1,000 cubic feet for gas from Afghanistan, an increase of nearly 80%. The volume of Soviet gas imports probably increased in 1974 by 10%, to 430 billion cubic feet, while the value of these imports doubled,



Table 1

Communist Oil Purchase Agreements Signed With Middle Eastern and African Countries  
1974

Supplier/Buyer	Month Signed	Duration of Agreement	F.O.B. Price per Barrel (US \$)	B/D in 1974	Payment Terms
<b>Total</b>				<b>403,985</b>	
<b>Abu Dhabi</b>				<b>20,000</b>	
Romania	Feb	1974	13.95	20,000	Spot purchase for cash. Oil possibly originated Iraq and purchases through an Abu Dhabi middleman
<b>Algeria</b>				<b>25,000</b>	
Bulgaria	Jul	1974-77	N.A.	4,000	N.A.
China	Apr	1974	14.00-15.50	4,000	N.A.
Czechoslovakia	Apr	1974	N.A.	1,000	N.A.
Poland	Feb	1974	14.00	6,000	Barter
Romania	Jul	1974-77	13.00	4,000	N.A.
USSR (for Yugoslavia)	N.A.	1974	N.A.	6,000	Barter
<b>Egypt</b>				<b>7,000</b>	
Bulgaria	May	1974-75	10.10	4,000	Bulgaria to receive 16,000 b/d in 1975
Hungary	Mar	1974	10.83	1,000	N.A.
	Late	1974	N.A.	2,000	N.A.
East Germany	Nov	1975	N.A.	....	1975 trade protocol to include of up to 5,000 b/d of Egyptian crude oil
<b>Iran<sup>1</sup></b>				<b>14,550</b>	
Romania	Early	1974	N.A.	2,440	N.A.
	Jul/Sep	1974	11.04	12,110	N.A.
<b>Iraq</b>				<b>165,000</b>	
Bulgaria	Mar	1974	13.00	2,000	N.A.
	Late	1974	10.88-11.67	9,000	N.A.
China	Apr	1974	11.17	10,000	N.A.
Czechoslovakia	Mar	1974	13.50	1,000	N.A.
	Aug	1974	11.50	3,000	500 b/d which is the first installment aid re-payment for Czechoslovak-built Basra refinery.
East Germany	Mar	1974	10.86-13.50	15,000	N.A.
	Apr	1974-76	10.90-13.60	40,000	N.A.
Hungary	Mar	1974	11.50	10,000	Hard currency
	May	1975-79	N.A.	....	Barter 26 million barrels of oil for equipment and goods under 5-year trade agreement.

Table 1  
Communist Oil Purchase Agreements Signed With Middle Eastern and African Countries  
1974  
(Continued)

Supplier/Buyer	Month Signed	Duration of Agreement	F.O.B. Price per Barrel (US \$)	B/D in 1974	Payment Terms
<b>Iraq (Continued)</b>					
Romania	Early	1974	N.A.	2,000	N.A.
USSR				N.A.	
(Unknown destination)	Feb	1974	N.A.		Barter for military equipment
(For East Germany)	Mar	1974	N.A.	6,580	N.A.
(Unknown)	Mar	1974	up to 13.90	44,540	Initial arrangements for some oil made under a 1972 barter contract
(For Yugoslavia)	Apr/Sep	1974	12.80	4,340	N.A.
(For United Kingdom)	Jun	1974	N.A.	1,600	N.A.
(For Ghana)	Jul	1974	N.A.	12,000	N.A.
(For Spain)	Jul	1974	12.20	3,940	N.A.
<b>Libya</b>				<b>140,000</b>	
Bulgaria	Jan	1974	16.00 <sup>2</sup>	10,000	Barter
Czechoslovakia	Feb	1974-78	16.00 <sup>2</sup>	N.A.	Barter for equipment and goods under 5-year trade agreement
Hungary	Jan	1974	16.00 <sup>2</sup>	10,000	Barter for equipment and services for oil development
	Feb	1974-80	N.A.	....	30 million barrels to be delivered during the period
Poland	Feb	1974-80	16.00 <sup>2</sup>	20,000	Barter for equipment and services for oil development
Romania	Feb	1974-77	16.00 <sup>2</sup>	60,000	Barter for oil refinery and technical services for Libya's oil sector and for cement, housing, and agricultural projects.
USSR <sup>3</sup>	N.A.	1974	16.00 <sup>2</sup>	40,000	Barter agreement for machinery, equipment, and construction materials
<b>Nigeria</b>				N.A.	
East Germany	Oct	Long-term	N.A.	N.A.	Barter for machinery and equipment

Secret

Table 1

Communist Oil Purchase Agreements Signed With Middle Eastern and African Countries  
1974  
(Continued)

Supplier/Buyer	Month Signed	Duration of Agreement	F.O.B. Price per Barrel (US \$)	B/D in 1974	Payment Terms
Saudi Arabia				7,775	
Romania	Apr	1974	N.A.	6,825	N.A.
USSR (for Liberia)	Early	1974	N.A.	950	N.A.
Syria				24,660	
Bulgaria	Jan	1974	13.75	4,000	Barter for machinery and equipment
East Germany	May	1974	11.61	2,400	N.A.
Romania	Mar	1974	N.A.	6,000	N.A.
	Sep	Long-term	N.A.	N.A.	Hard currency purchases of about 8 million barrels of crude oil and products, partly under long-term credits
USSR	Aug	1974	9.50	12,260	N.A.

1. Although Poland was scheduled to import 12,000 b/d of Iranian oil during 1974, a price dispute apparently precluded deliveries.
2. Asking price in effect at the time of signing. Prices and quantities of oil to be delivered under long-term agreements are to be negotiated annually.
3. The USSR is believed to have purchased up to 40,000 b/d of Libyan oil during 1974 under a 1972 barter agreement.

rising to an estimated \$220 million. The USSR also continued negotiations with Iran and West Germany on a possible gas switch deal. One proposal calls for constructing a second gas pipeline from Iran to the USSR to carry Iranian gas to the USSR in exchange for Soviet gas supplied to West Germany. Iran would be paid by West Germany in hard currency, and the USSR would receive a transit fee for delivery across its territory. (Confidential)

*Communist Oil Sales to the LDCs*

The sharp rise in Soviet petroleum prices during early 1974 -- as high as \$15 per barrel of crude -- caused some LDCs to reduce their purchases. However, sales of crude oil and products still rose almost 20% above the 1973 level, to 90,000 b/d, because of large Soviet contracts with Brazil and India. Soviet oil also could be sold to Portugal in 1975 if their first trade agreement, now under negotiation, is concluded. (Secret)

Secret

Secret

Table 2

Estimated Communist Oil Purchases Under Agreements  
Signed With Middle Eastern and African Countries  
1974

Buyer/Supplier	B/D
<b>Total</b>	<b>403,985</b>
USSR	132,210
Algeria	6,000
Iraq	73,000
Libya <sup>1</sup>	40,000
Saudi Arabia	950
Syria	12,260
Eastern Europe <sup>2</sup>	257,775
Bulgaria	33,000
Algeria	4,000
Egypt	4,000
Iraq	11,000
Libya <sup>3</sup>	10,000
Syria	4,000
Czechoslovakia	5,000
Algeria	1,000
Iraq	4,000
Libya <sup>3</sup>	N.A.
East Germany	57,400
Iraq	55,000
Nigeria	N.A.
Syria	2,400
Hungary	23,000
Egypt	3,000
Iraq	10,000
Libya <sup>3</sup>	10,000
Poland <sup>4</sup>	26,000
Algeria	6,000
Libya <sup>3</sup>	20,000
Romania	113,375
Abu Dhabi	20,000
Algeria	4,000
Iran	14,550
Iraq	2,000
Libya <sup>3</sup>	60,000
Saudi Arabia	6,825
Syria	6,000
China	14,000
Algeria	4,000
Iraq	10,000

1. The USSR is believed to have purchased up to 40,000 b/d of Libyan oil during 1974 under a 1972 barter agreement.

2. In addition, Yugoslavia's oil imports from the LDCs were scheduled to reach 89,000 b/d in 1974--30,000 b/d from Iraq, 40,000 b/d from Libya, 10,000 b/d from Syria, and 9,000 b/d from Iran.

3. Price disputes with Libya may have precluded deliveries from reaching planned levels.

4. Although Poland was scheduled to import 12,000 b/d of Iranian oil during 1974, a price dispute apparently precluded deliveries.

(Secret No Foreign Dissem)■

Secret

During 1974, Thailand and the Philippines became China's first LDC oil clients. Bangkok purchased small amounts of petroleum products, and Manila signed a long-term purchase agreement, under which initial deliveries of 5,000 b/d were made in 1974. (Secret No Foreign Dissem)

## Africa

### *Continued Friction in Guinea's Military Relations with China*

The Guinean navy has again registered dissatisfaction with Chinese support of four Shanghai-class motor gunboats delivered in 1973. Spare parts supply has been slow, and Chinese technicians have been criticized for poor performance in maintaining the craft and training Guinean personnel. Peking still has not replaced the engines in two Shanghais that broke down in October 1973. In October, Guinea sent 15 personnel to the USSR for marine diesel maintenance training because the training these same personnel received in China in 1973 was inadequate. (Secret No Foreign Dissem)

### *Togo Receives First Communist Military Aid Offer*

In early December, North Korea offered to organize, train, and equip a 500-man Presidential guard for Togo. The proposal reportedly calls for assignment of a 58-man North Korean technical delegation and delivery of small arms and ammunition. North Korea is the first Communist country known to have offered military assistance to Togo. (Confidential)

## East Asia

### *Indonesia Seeks Aid from Communist Countries*

On 12 December, Indonesia's Foreign Minister Malik departed on a long-planned trip to the USSR, East Germany, and Hungary to discuss economic assistance for Indonesia's new five-year plan. (For Official Use Only)

Indonesia is approaching Communist countries for aid to help offset planned reductions in assistance from the West. While it often has criticized the terms of Communist aid as too harsh, Jakarta is now able to accept the less concessional aid offered by Communist countries because of increased oil revenues. (For Official Use Only)

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According to the Jakarta press, project proposals already have been submitted to the governments of the three countries, but it is unlikely that aid commitments were finalized during the visits. In Budapest and Berlin, Malik signed trade agreements prepared earlier in the year, while the USSR concluded a general economic agreement discussed during trade negotiations in May. Indonesian officials, however, expected Moscow to review possible project assistance in far greater detail before offering aid. (Secret No Foreign Dissem)

### *Thailand Repeals Ban on Chinese Trade*

On 6 December the Thai Legislative Assembly repealed legislation that had prohibited Thai trade with China since 1959, and at mid-month a Thai delegation departed for Peking to discuss resumption of direct trade between the two countries. Thailand hopes to conclude contracts for the purchase of oil, newsprint, and fertilizer in exchange for Thai agricultural products. (Confidential)

Late in 1973 the PRC agreed to sell 200,000 metric tons of diesel oil to Thailand in anticipation of the removal of the trade ban. Only 50,000 tons were delivered early in 1974 when it became evident that protracted debate would be necessary before lifting the ban. (Confidential)

In spite of the enthusiasm of the press and others in Bangkok over prospects for immediate increases in trade with China, contracts may be slow to materialize. Legislation accompanying repeal of the trade ban requires a state company to administer trade with socialist countries. Chinese officials have expressed concern over possible problems in dealing through the company and probably will proceed slowly until the new agency has demonstrated its ability to handle trade efficiently. (Confidential)

## **Europe**

### *Spain Concludes Major Trade Agreement with Cuba*

Spain's Minister of Commerce returned to Cuba on 17 December with the largest trade agreement Spain has ever signed with any country. Under the three-year accord, Spain will provide government guarantees for \$900 million of private export credits to Cuba for the purchase of Spanish ships and industrial plants. Cuba is to sell 275,000 tons of sugar and 1,200 tons of nickel annually. Spanish-Cuban trade increased from \$60 million in 1972 to an estimated \$400 million in 1974. (For Official Use Only)

## Latin America

### *Czech Power Equipment for Argentina*

On 30 November Czechoslovakia agreed to deliver to Argentina in 1977 two generators valued at \$9 million for the Rio Turbio power plant. The delivery, which will be repaid over 10 years at 4.5% interest, falls within the framework of a Czech aid agreement signed early in 1974. (Unclassified)

## Near East and South Asia

### *Hungary Negotiates Arab Financing*

In what is believed to be a first in an Arab oil producer's relations with a Communist country, the Kuwait International Investment Company on behalf of Hungary issued \$40 million worth of bonds to Kuwaiti subscribers. Terms of the 4 December agreement call for Budapest to repay what is in effect a credit in eight years, including three years' grace, at 10.5% interest. Hungary plans to allocate revenue from the bond issue to finance export promotion projects. (For Official Use Only)

Libya also is considering the provision of credits for Hungarian development programs, particularly for food processing industries. Libya's economic minister referred to this possibility during a joint economic committee meeting in Budapest in December. Details on the Libyan proposal are expected to be announced soon. (For Official Use Only)

### *First East German Credit to Bangladesh*

East Germany provided its first development assistance to Bangladesh under a \$25 million agreement signed in December. The credit is repayable over 11 years at 2.5% interest. Projects under consideration include a calcium-soda plant, agricultural machinery workshops, and a typewriter factory. Germany also agreed to train 60 personnel in textile and chemical industry management. (Confidential)

### *Recent Developments in Soviet Relations with Egypt*

Western press sources reported on 30 December that the mid-January trip of Party First Secretary Brezhnev to Egypt has been postponed indefinitely. The announcement followed talks with Egyptian Foreign Minister Fahmy and the new

Minister of War, General al-Gamasy, who apparently were summoned to Moscow in an urgent Soviet note delivered President Sadat on 26 December. (Unclassified)

Economic negotiations that had preceded the scheduled Brezhnev visit apparently went smoothly, and details were worked out for expanding trade and aid relations between the two countries. The Egyptian economic delegation that arrived in Moscow on 25 December discussed continuing Soviet participation in exploitation of the Abu Tartur phosphate deposits, further expansion of the Hulwan iron and steel complex and of the Naja Hamadi aluminum plant, and Soviet aid to other projects. Plans for a nuclear power station in Egypt, as well as a 3 million-ton iron and steel mill at Alexandria, were considered as possible new Soviet projects that might be unveiled during the Brezhnev visit. The status of these plans is not clear, and definitive action may now be delayed. Nor is it known how much additional assistance would be required to implement these projects. In late November, the Cairo press reported that \$265 million in new Soviet aid to Egypt's development plan would be announced during Brezhnev's visit. This sum may include a reallocation of existing Soviet credits. (For Official Use Only)

It was expected that an important topic on Brezhnev's agenda would be the rescheduling of Egypt's military debt. Although Cairo apparently has met its obligations to repay its economic debt, most payments on the military debt have been deferred through successive reschedulings since 1965. In recent trade negotiations, Egypt tried to improve its capability for servicing its growing debt to Moscow by increasing the value of its exports to the USSR. Cairo hopes to expand the proportion of manufactured goods among its exports to the USSR. (Secret No Foreign Dissem)

#### *India and Czechoslovakia Sign New Military Agreement*

Under an agreement signed during the Czech Prime Minister's early December visit to India, Czechoslovakia will provide India with T-55 tanks, OT-62 armored personnel carriers (APCs), truck-launched assault bridging, and L-39 trainer/light attack aircraft. A total of 400 tanks and APCs reportedly will be supplied under the new agreement, with delivery of 50 T-55s to begin immediately. The bridging equipment may involve the TATRA 813 as the prime mover, the same used by Egypt in the October War. The Indian army was impressed by Egypt's canal crossing operations and wanted a similar capability for use in the Punjab and regions of Pakistan in case of renewed hostilities. (Secret No Foreign Dissem)



The number of L-39 aircraft to be delivered is not known. The L-39 is in short supply, as most of Czechoslovakia's current production is committed to East European customers. The USSR reportedly agreed to forgo part of its allotment to allow the Indian purchase. India has been in the market for trainer aircraft for some time, as the domestically produced HJT-16 has not met Indian expectations. (Secret No Foreign Dissem)

### *Iran Signs Massive Trade Agreement with Romania*

An Iranian trade delegation wrapped up its mid-December visit to Bucharest with the signing of a seven-year trade agreement valued at \$1.5 billion. Under the accord, Iran will exchange industrial products, among other items, for agricultural and other goods. (Unclassified)

Although Romania ranks second only to the USSR among Iran's Communist trade partners, turnover between the two countries totaled only \$62 million during the Iranian fiscal year ending 20 March 1974. The 1975 trade protocol signed at the recent meeting set a target of \$108 million in trade turnover. Planned Romanian exports include petrochemicals, fertilizers, and agricultural products in return for Iranian industrial goods, buses, shoes, and other products. (For Official Use Only)

Other discussions focused on possible Iranian investment in agricultural ventures in Romania and Romanian investment in Iran. Tehran is pursuing similar new forms of cooperation with other Communist nations to assure additional sources of food supplies. Although Iran recently offered large credits to Poland and Bulgaria as advance payments to establish joint agricultural enterprises, similar arrangements have not been officially announced with Romania. Romania, however, has sought a \$250 million credit from Iran.<sup>2</sup> Unlike Poland and Bulgaria, Romania clearly allows as much as 49% foreign ownership in its national companies. (Secret No Foreign Dissem)

### *Bulgaria Signs New Credit Agreement with Syria*

On 9 December, Bulgaria signed a \$73 million agreement to finance development projects in Syria. The credit is to be used for unspecified projects in agriculture and industry and is repayable over 12 years at 2.5% interest. Even if the new agreement consolidates some \$10 million remaining from an earlier

2. For details, see the *Monthly Report* dated December 1974.

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Bulgarian credit to Syria, it still is the largest ever concluded by Sofia with an LDC. Bulgaria probably hopes to expand imports of petroleum from Syria, which has supplied small amounts of crude oil in the past. (For Official Use Only)

## OTHER ACTIVITIES

### Economic

#### Africa

*Algeria.* Bulgaria agreed to extensive participation in agricultural irrigation schemes and drinking water supply. The protocol calls for construction of three dams, exploitation of irrigated land, and establishment of training facilities. (Unclassified)

*Gambia.* Gambia and the People's Republic of China announced the establishment of diplomatic relations at the embassy level on 14 December. (Unclassified)

*Libya.* Bulgarian companies will increase their participation in Libyan agricultural and industrial projects under an agreement signed in Sofia in late November. (Unclassified)

Soviet-Libyan talks were held in Tripoli in mid-December on possible Soviet participation in agricultural projects. (Unclassified)

*Niger.* An economic and technical assistance agreement between Niger and North Korea was signed in Pyongyang on 13 December. (Unclassified)

*Nigeria.* The USSR announced the conclusion of sales contracts totaling \$10.6 million during a 12-day trade and industrial exhibition in Lagos. (Unclassified)

*Sudan.* Hungary signed a protocol to participate in the development of agriculture and animal husbandry in Sudan. (Unclassified)

*Tanzania.* Romania will provide technical assistance for an agricultural project, a furniture factory, and a clothing factory in Tanzania under the terms of an economic agreement signed in December. Romania has not previously undertaken projects in Tanzania. The terms of the agreement were not announced. (Unclassified)

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*Tunisia.* On 8 December, China and Tunisia signed an agreement on procedures for financing the local costs for three proposed Chinese projects. Costs presumably will be covered by commodity imports under credit, a typical feature of Chinese aid agreements. (Confidential)

#### East Asia

*Malaysia.* The USSR has agreed to assist Malaysia to develop its fishing industry. No details of the agreement were announced. (Unclassified)

#### Latin America

*General.* The Chinese Vice Minister of the Fuels and Chemicals Industry visited Venezuela, Mexico, and Trinidad and Tobago during December. The delegation probably will attempt to obtain commitments from the three countries to deliver fertilizer to the PRC. (Confidential)

*Bolivia.* Under a contract signed on 24 December, Bolivia will more than double exports of tin concentrates to the USSR in 1975. In 1974, tin shipments totaled 720 tons; next year sales will rise to 1,720 tons. (Unclassified)

*Colombia.* Bulgaria has agreed in principle to provide Colombia with credits for food processing, sulfuric acid, and essential oils plants. (Unclassified)

*Costa Rica.* The USSR has reiterated its offer to allocate \$15 million in credits provided in 1971 for electrical and telephone projects. (Unclassified)

*El Salvador.* El Salvador and the USSR signed a three-year trade agreement calling for hard currency settlements. El Salvador will sell cotton, coffee, sugar, and fabrics. Proposed Soviet exports are not known. (For Official Use Only)

*Mexico.* Mexico will hold its first trade exhibit in Cuba in March 1975. Mexico hopes to increase its trade with Havana above its current \$8 million level. (Unclassified)

Mexico signed an economic, commercial, and cultural agreement with Romania following 11 days of negotiations in Mexico City. The two sides discussed exploitation of forest, mineral, and oil resources and cooperation in the production of machine tools, chemicals, and construction materials. (Unclassified)

Mexico and the USSR concluded a scientific cooperation protocol for 1975 under a 1968 agreement. (Unclassified)

*Peru.* On 3 December, an East German delegation arrived in Lima for three weeks of discussions on cooperation in fishing. (Unclassified)

The Hungarian-Peruvian mixed commission meeting in December ended with the signing of a protocol and several contracts to increase trade under \$38 million of credits previously extended. Budapest will supply almost \$10 million worth of hydropower equipment and health clinic equipment valued at \$5.3 million. The two countries also concluded a new trade agreement for 1975. Peru will supply cotton, coffee, and 50,000 tons of fish flour. Hungary may also buy Peruvian copper, zinc, lead, and silver. (Unclassified)

#### **Near East and South Asia**

*Afghanistan.* Czechoslovak trade with Afghanistan is scheduled to increase by 40% in 1975 under a protocol signed early in December. (Unclassified)

China signed a new economic and technical assistance agreement with Afghanistan on 6 December. The provisions of the agreement were not announced, but it probably dealt with the use of a \$45 million Chinese credit for agricultural development, extended in 1972. (For Official Use Only)

*Egypt* High-level delegations from Bulgaria and Egypt attended joint committee meetings held in Cairo in mid-December to negotiate a new five-year economic cooperation agreement. Bulgaria has extended \$37 million in credits, mainly for agricultural and food processing projects, but little of this aid has been drawn. (Unclassified)

*India.* The Indian-East German protocol for 1975 calls for the inclusion of more nontraditional items among India's exports to Germany. Trade between the two countries is planned to reach \$125 million in 1975. (Unclassified)

India and Poland signed a three-year trade agreement calling for balanced trade and settlement in Indian rupees. The agreement comes into force on 1 January. (Unclassified)

Negotiations on the 1975 Soviet-Indian trade protocol opened in New Delhi on 23 December. The Soviet delegation is headed by the Deputy Minister of

Foreign Trade. India was the USSR's major Third World trading partner in 1973 and probably in 1974. This will be the final protocol under the current five-year trade agreement between the two countries. Negotiations on a new five-year agreement, calling for annual trade to double to \$1.2 billion by 1980, are expected to begin in January. (Unclassified)

*Kuwait.* A government delegation headed by the Czechoslovak premier stopped in Kuwait as part of a tour of several countries in the area. The two sides arranged the visit of a Czech economic delegation to Kuwait in the near future to discuss the development of economic cooperation. (Unclassified)

*Pakistan.* East Germany signed a contract to set up a spinning plant for a proposed public sector textile complex to be established at Bahawapore. (Unclassified)

Romania and Pakistan are to establish joint ventures in textiles, agriculture, phosphate exploitation, shipbuilding, and vehicle production. Bucharest also has offered to set up two cement plants in Pakistan. (Unclassified)

A Pakistani delegation left for Moscow on 26 December to sign final agreements on \$300 million in new credit for construction of the Karachi steel mill. The plant is to begin partial production in four years and is to be fully commissioned in 1982. (Unclassified)

*Syria.* The second meeting of the Joint Soviet-Syrian Permanent Committee ended in Damascus with a protocol detailing further activity on Soviet development projects in Syria under a credit agreement signed in April 1974. Major projects under way include the Euphrates dam and associated facilities and railroad construction. (Unclassified)

#### Military

#### Africa

*Algeria.* Hungary's Defense Minister arrived in Algiers on 9 December at the invitation of the Algerian Ministry of National Defense. The purpose of the visit was not announced. (Unclassified)

*Ghana.* Ghana reportedly has received 10 tons of unspecified ammunition from Bulgaria. The Bulgarians probably agreed to ship the ammunition during

negotiations with Ghana earlier this year on the supply of small arms and ground forces equipment. (Secret)

*Somalia.* The commander in chief of the Soviet navy paid his first visit to Somalia during December. The USSR has delivered small amounts of naval equipment to Somalia in the past and currently is providing assistance for development of port facilities. Somalia is the USSR's major sub-Saharan military aid client. (Secret)

#### East Asia

*Burma.* The USSR reportedly offered military aid to a visiting Burmese delegation in late October. The Burmese response to the offer was negative, and Rangoon also declined a Soviet invitation for a high-level delegation, including the minister of defense, to visit Moscow. (Secret No Foreign Dissem)

#### Near East and South Asia

*Egypt.* The USSR has agreed to repair 10 MI-8 helicopters for Egypt during 1975 under a new contract. Egypt originally requested that 15 MI-8s be repaired, but contracts for the additional 5 will be decided after the first 10 have been sent. Two MI-8s also remain for servicing in 1975 under a previous agreement. (Secret No Foreign Dissem)

*Iraq.* In mid-December, Iraq and Czechoslovakia were negotiating Czech provision of military-related goods and supplies in 1975. (Secret No Foreign Dissem)

*Syria.* A senior Polish military delegation arrived in Syria in mid-December. Although the delegation's main purpose is to inspect Polish Forces participating in the Golan Front UN disengagement forces, Damascus probably will attempt to discuss the purchase of arms from Poland. Warsaw has provided small amounts of Soviet military equipment in the past, including tanks during the October 1973 War. (Unclassified)